RIGHTS OF MORTGAGEE OF FIXTURES AGAINST MORTGAGEE OF LAND. — In the recent case of *Reynolds* v. *Ashby*, 72 L. J. K. B. D. 51, the English Court of Appeal held that a prior mortgagee of the realty would be allowed to take machines affixed to the land under an agreement between the owner of the premises and the vendor of the machines that they should remain the property of the latter until paid for. In the earlier case of *Hobson* v. *Gorringe*, [1897] 1 Ch. 182, a subsequent mortgagee of the land was also preferred to the vendor of the machines. The weight of authority in this country is opposed to the case of *Reynolds* v. *Ashby*. *Campbell* v. *Munson*, 44 N. J. Eq. 244; *contra*, *Frankland* v. *Moulton*, 5 Wis. 1. The decision in *Hobson* v. *Gorringe* is in accord with the general American law. *Davenport* v. *Shants*, 73 Vt. 546; *contra*, *Ford* v. *Cobb*, 20 N. Y. 344.

In a recent article the author expresses his disagreement with both the English cases. *The Incidental Passing of Fixtures*, by John Indermaur, 25 L. Stud. J. 59 (March, 1903). In dealing with the case of *Hobson* v. *Gorringe*, Mr. Indermaur advances a novel idea. On account of the "common custom to let out machines and engines on the hire system," he would charge a subsequent encumbrancer of the land with constructive notice of the rights of the owner of the chattels. He justifies this by the following sentence: "As matters stand, I do not see how that particular branch of the trade is to go on, for a person . . . cannot in any way protect himself against the possibility of a subsequent mortgage." In order to appreciate the precise question, it would seem necessary to keep in mind that "*Quicquid plantatur solo, solo cedit*" is the rule of our law, and that the privileges of removing domestic and trade fixtures accorded to certain persons, such as leasehold-tenants and tenants for life, are exceptions to the rule, established from considerations of public policy. See *Elwes* v. *Maw*, 3 East 38. Thus the requirements of the early development of this country were held to justify an exception, refused in England, in favor of erections for agricultural purposes. *Van Ness* v. *Pacard*, 2 Pet. (U. S. Sup. Ct.) 137. Mr. Indermaur is really contending for the recognition of another exception in England, in favor of owners of machines and engines, and the correctness of his position would, therefore, seem to turn entirely on the accuracy of his estimate of the demands of public policy. While a presumption of notice such as he suggests would undoubtedly encourage the trade in these articles, it would, on the other hand, cast new and heavy burdens on purchasers and mortgagees of land. In view of the long-settled policy of the English law in favor of the transfer of titles to land unencumbered it would seem that there should be an unmistakable and very strong balance of convenience in favor of the vendor, in order to justify such radical action by the courts as Mr. Indermaur desires. Such balance of convenience, it may be thought, he fails to establish.

Furthermore, it is at least open to question whether such alleged hardship as the author seeks to remedy in England exists at all in this country. A mortgage on machines and engines might well be regarded, after they have been affixed to the land, as an encumbrance on the realty, and as such held entitled to be put on record with real mortgages. If this be true, it would appear that the owner of such articles has ample protection against a subsequent encumbrancer of the land. The existence of a right so to record seems never to have been established by actual decision, but it has been suggested in several cases. See *Trull* v. *Fuller*, 28 Me. 545. Some jurisdictions charge a subsequent encumbrancer of land with constructive notice, when the mortgage on fixtures is recorded simply as a chattel mortgage in the place provided for the filing of such mortgages. *Sowden* v. *Craig*, 26 Ia. 156. But this seems hardly within the spirit of our recording acts, and the weight of authority is against it. *Case Mfg. Co.* v. *Garven*, 45 Oh. St. 289.

GRATUITIES TO EMPLOYEES OF CORPORATIONS. — The United States Steel Corporation has proposed a plan to stimulate its employees to more effective work. The main features are the purchase of its own stock at the market price, the sale of that stock to its employees at a reduction, and payment by the

employees by deductions from wages during a period of three years, the title to the stock apparently to be retained by the corporation till payment is completed. In order to encourage the employees to retain the stock it is further proposed to pay a bonus on each share held by an employee for five years, provided he obtains an official certificate of proper interest in the corporation's welfare. The legality of this measure has been questioned in a recent article. *Legal Aspect of the Plan of the U. S. Steel Corporation to Interest its Employees in its Stock.* Anon., 6 Law Notes (N. Y.) 221 (March, 1903).

The plan is considered *ultra vires* in that only employees having sufficient surplus income or funds to buy stock will be influenced by it. This objection, however, seems hardly sound. A corporation may under ordinary circumstances increase the pay of only a part of its employees. And, in general, so long as the benefit conferred on a given individual brings a commensurate return to the corporation, no legal objection made on the ground that similar benefits are not conferred on others should be sustained. The plan is considered also open to legal objection in that its effect is to suspend the voting power of a large block of stock until the payments are completed. By authorizing the use of corporate funds to buy up stock and keep it out of the hands of the opposition, the project helps existing officers to continue for three years the control of the existing majority. This danger however seems exaggerated, and in any event is the result, not of the plan, but of the corporation's established right, accorded by the liberal New Jersey statutes under which it was organized, to deal in its own shares. *Chapman* v. *Iron Clad Rheostat Co.*, 62 N. J. Law 497. The bonus, which is an essential part of the plan, is also considered objectionable because existing officers may require an employee, in order to get his bonus, to show that he voted "right" at the last election. This danger also seems slight, as the employee's vote is a two-edged weapon, and can be used against as well as by oppressive officials.

The question of how much a corporation may do to benefit its employees is interesting and not altogether settled. It has been held that a going corporation may give employees extra pay for past services in order to increase future effort. *Hampson* v. *Price's Co.*, 45 L. J. Eq. 437; *cf. Jones* v. *Morrison*, 31 Minn. 140. On the other hand, a corporation in the process of winding up cannot give property to employees, since no possible benefit can result to shareholders. *Hutton* v. *West Cork R. R. Co.*, 23 Ch. D. 654. It has been decided that a corporation may pension the family of a deceased employee for the sake of the effect on remaining employees. *Henderson* v. *Bank*, 40 Ch. D. 170; *cf. Beers* v. *N. Y. Life Ins. Co.*, 66 Hun (N. Y.) 75. A railroad may defray the medical expenses of one injured in its service. *T. W. & W. R. R. Co.* v. *Rodrigues*, 47 Ill. 188. A corporation may make contributions towards churches, schools, libraries, and free baths for the benefit of its employees. *Steinway* v. *Steinway*, 17 N. Y. Misc. 43. But such establishments cannot be carried on by the corporation itself, because the corporation would then be engaged in a business beyond its charter powers. *People* v. *Pullman Car Co.*, 175 Ill. 125. The test would seem to be whether the measure in question is adopted for the purpose of serving corporate ends and is reasonably calculated to promote those ends in a substantial manner. The question of what is a sufficient resulting benefit is one of degree, and courts should be slow to interfere with the discretion of directors. The motives of the Steel Corporation officials are not questioned, and the plan seems to promise a fair return. Under the test suggested, therefore, it might well be sanctioned.

COLLIER ON BANKRUPTCY. Fourth Edition. The Law and Practice in Bankruptcy under the National Bankruptcy Act of 1898, as amended by the Act of February 5, 1903. By William H. Hotchkiss. Albany: Matthew Bender. 1903. pp. xlii, 984. 8vo.

Though this book is entitled Collier on Bankruptcy, Fourth Edition, the title does not describe the work. Mr. Collier prepared two editions of the book that